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House Bill 5439 (Substitute H-1 as passed by the House)  
House Bill 5440 (as passed by the House)  
Sponsor: Representative Kevin Daley (H.B. 5439)  
Representative Peter Pettalia (H.B. 5440)  
House Committee: Agriculture  
Senate Committee: Agriculture

Date Completed: 12-3-14

### **CONTENT**

**House Bill 5439 (H-1)** would create the "Industrial Hemp Research Act" to do the following:

- Allow the Department of Agriculture and Rural Development (MDARD), or a college or university in this State to conduct research or cultivate industrial hemp for research purposes.
- Require MDARD or a college or university that transported industrial hemp to include with the shipment a letter providing notice that the shipment included industrial hemp authorized under the proposed Act.
- Create the "Industrial Hemp Research Fund" and allow MDARD to spend money from the Fund only for research, or providing grants for research, into growing or cultivating industrial hemp.

**House Bill 5440** would amend the Public Health Code to exclude industrial hemp from the definition of "marihuana".

The bills are tie-barred to each other.

### **House Bill 5439 (H-1)**

The bill would allow MDARD or a college or university in the State to grow or cultivate, or both, industrial hemp for purposes of research conducted under an agricultural pilot program or other agricultural or academic research project. ("Industrial hemp" would mean the plant *Cannabis sativa* L. and any part of the plant, whether growing or not, with a delta-9-tetrahydrocannabinol concentration of 0.3% or less on a dry weight basis.)

The Department or a college or university that transported industrial hemp as part of a research project authorized under the proposed Act would have to include along with a shipment of industrial hemp a letter on MDARD's or the college's or university's letterhead that provided notice that the shipment included industrial hemp authorized under the proposed Act.

The bill would allow a college or university to receive direct grants from the Federal government or any other source for the purpose of conducting research authorized under the Act.

The bill also would create the Industrial Hemp Research Fund within the State Treasury. The State Treasurer could receive money or other assets from any source for deposit into the Fund, including Federal research grants, and would have to credit to the Fund interest and earnings from Fund investments. Money in the Fund at the close of the fiscal year would remain in the Fund and would not lapse to the General Fund.

The bill would allow MDARD to spend money from the Industrial Hemp Research Fund, upon appropriation, for only one or both of the following purposes: a) research into growing or cultivating, or both, industrial hemp; or b) providing grants to colleges or universities in this State to conduct research into growing or cultivating, or both, industrial hemp. The Department would be the administrator of the Fund for auditing purposes.

### **House Bill 5440**

Article 7 of the Public Health Code regulates controlled substances, and prescribes criminal penalties for offenses involving their manufacture, delivery, or possession. The Code categorizes controlled substances in five schedules, depending on their potential for abuse and other factors. Marihuana is included in Schedule 1 (a substance that has high potential for abuse and has no accepted medical use in treatment in the United States or lacks accepted safety for use in treatment under medical supervision).

The Code defines "marihuana" as all parts of the plant *Cannabis sativa* L., growing or not; the seeds of that plant; the resin extracted from any part of the plant; and every compound, manufacture, salt, derivative, mixture, or preparation of the plant or its seeds or resin. Marihuana does not include the mature stalks of the plant, fiber produced from the stalks, oil or cake made from the seeds of the plant, any other compound, manufacture, salt, derivative, mixture, or preparation of the mature stalks, except the resin extracted from the fiber, oil or cake, or the sterilized seed of the plant that is incapable of germination.

The bill would exclude industrial hemp from the definition of marihuana. "Industrial hemp" have the same definition as in House Bill 5439 (H-1).

MCL 333.7106 (H.B. 5440)

Legislative Analyst: Jeff Mann

### **FISCAL IMPACT**

#### **House Bill 5439 (H-1)**

The bill would have a minimal fiscal impact on State and local government. The proposed Industrial Hemp Research Fund could receive money from any source and money in the Fund could be spent by MDARD for various purposes, if authorized by an appropriation act. The extent to which the Fund would receive funding and the degree to which MDARD would receive appropriations from the Fund cannot be determined at this time.

Colleges and universities also would be eligible to receive grants from the Industrial Hemp Research Fund, with the amounts dependent on future revenue to the Fund and legislative appropriations.

### **House Bill 5440**

The bill would have no fiscal impact on State or local government.

Fiscal Analyst: Bruce Baker  
Bill Bowerman  
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This analysis was prepared by nonpartisan Senate staff for use by the Senate in its deliberations and does not constitute an official statement of legislative intent.